

Message Text

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ACTION EUR-12

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC IMMEDIATE 8702

C O N F I D E N T I A L SECTION 1 OF 2 STOCKHOLM 5108

E.O. 11652: GDS

TAGS: PFOR, SW

SUBJECT: SWEDISH GOVERNMENT PAYMENTS TO US AIR FORCE

REF: STOCKHOLM 5009 AND SUBSEQUENT

1. DEPARTMENT MAY FIND USEFUL SUMMARY OF IMPACT OF DISCLOSURE OF SECRET SWEDISH MILITARY PAYMENTS TO US AIR FORCE, STIMULATED ORIGINALLY BY SWEDISH REPORTER JAN GUILLOU AND WASHINGTON POST STAFF REPORTER RICHARD HOMAN. FUROR IN PRESS RAISED BY THESE REVELATIONS HAS SUBSTANTIALLY SUBSIDED AND WE HOPE WILL NOW FADE OUT. EMBASSY BELIEVES THAT NEITHER SWEDISH ELECTIONS NOR THE COURSE OF SWEDISH-AMERICAN RELATIONS GENERALLY WILL BE UNDULY INFLUENCED BY ISSUE.

2. THE CHARGES - PRESS REPORTS IN THE WASHINGTON POST AND SEVERAL SWEDISH NEWSPAPERS REGARDING A STORY BY SWEDISH REPORTER JAN GUILLOU IN THE LEFTIST POLITICAL SHEET FIB/KULTURFRONT ENTITLED "SECRET MONEY AND AMERICAN GENERAL" BEGAN DURING WEEK OF SEPTEMBER 6. THESE ARTICLES AND THE STORY ITSELF PURPORTED TO PRESENT "CONCLUSIVE EVIDENCE" THAT IN THE 1970-1973 PERIOD MORE THAN \$480,000 WAS PAID, THROUGH SECRET CHANNELS, TO GENERAL ROCKLY TRIANTAFELLU, SAID TO BE CONFIDENTIAL

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AT THAT TIME CHIEF OF USAF INTELLIGENCE, BY THE

SWEDISH GOVERNMENT TO COVER CERTAIN PURCHASES. BY PUBLISHING BANK OF SWEDEN AND OTHER CLASSIFIED DOCUMENTS WHICH DETAILED SUCH PAYMENTS, GUILLOU IMPLIED THAT TOP SWEDISH MILITARY LEADERS HAD BEEN ENGAGED IN SHADY PAYMENTS "FOR SERVICES RENDERED OR INFORMATION" FROM AMERICAN MILITARY. STATING THAT THERE WAS NO DOUBT THAT SUCH PAYMENTS HAD BEEN MADE, GUILLOU ASKED REPEATEDLY IN HIS ARTICLE FOR AN EXPLANATION OF WHAT EXACTLY HAD BEEN PURCHASED WITH THESE SUBSTANTIAL SUMS.

3. THE STATEMENT OF SWEDISH GOVERNMENT OFFICIALS - ON THE DAY OF PUBLICATION OF THE FIB/KULTURFRONT STORY, THE SWEDISH SUPREME MILITARY COMMANDER CALLED A PRESS CONFERENCE IN WHICH HE RESPONDED TO THE DOZENS OF QUERIES BEING POSED BY THE PRESS. SYNNERGREN READILY ADMITTED THAT CERTAIN PAYMENTS HAD BEEN MADE TO THE USAF BEGINNING IN 1970 FOR PURCHASES OF SOPHISTICATED ELECTRONIC EQUIPMENT WHICH HAD BEEN PROVIDED SINCE 1968; EXPLAINED THAT SUCH ELECTRONIC EQUIPMENT HAD BEEN IN USE BY SWEDISH MILITARY INTELLIGENCE; AND DENIED EMPHATICALLY THAT THE MONEY HAD BEEN USED TO OBTAIN "SERVICES AND INFORMATION." SYNNERGREN CONFIRMED THE METHOD OF PAYMENTS THROUGH ARRANGEMENTS AMONG THE SWEDISH DEFENSE DEPARTMENT, THE CENTRAL BANK OF SWEDEN, THE SKANDINAVISKA ENSKILDA BANK AND THE AMERICAN EMBASSY IN STOCKHOLM. HE ALSO ADMITTED THAT MONIES FOR THESE PURCHASES HAD COME FROM A SECRET BUDGET WHICH HE ADMINISTERED. SYNNERGREN SAID THE TRANSACTIONS WERE HANDLED SECRETLY BECAUSE STATE SECURITY MATTERS WERE INVOLVED, NOT BECAUSE OF ANY AMERICAN ATTEMPT TO EVADE US ARMS EXPORT LAWS OR THE THEN STRAINED RELATIONS BETWEEN SWEDEN AND THE US. WHILE AGREEING THAT THE METHOD OF PAYMENT HAD BEEN RATHER UNORTHODOX, HE SAID THAT SUCH PURCHASES WERE LEGITIMATE AND REQUIRED BY SWEDISH SECURITY AND THAT THEY WOULD CONTINUE. HE REPEATEDLY REFUSED TO IDENTIFY WHAT ELECTRONIC MATERIAL WAS INVOLVED

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OR WHAT IT WAS INTENDED FOR. HE FIRMLY REJECTED INSINUATIONS THAT ANY AMERICAN MILITARY OFFICER HAD BEEN ACTING AS A "SPY" FOR SWEDEN OR THAT ANY LOCKHEED-TYPE SCANDAL WAS INVOLVED.

4. MEDIA PLAY -- ALL NEWSPAPERS AND THE ELECTRONIC MEDIA IN SWEDEN GAVE HEAVY COVERAGE TO THE FIB/KULTURFRONT STORY AND TO THE SUBSEQUENT

COMMENTS OF SYNNERGREN AND OTHER GOVERNMENT OFFICIALS. EDITORIAL COMMENT WAS EXTREMELY SPARSE, HOWEVER, THE RESULT PERHAPS OF THE RECOGNITION THAT GUILLOU'S STORY WAS RELATED TO EXTREMELY SENSITIVE SECURITY MATTERS. FOLLOWING SYNNERGREN'S RATHER COMPLETE AND CANDID REMARKS IN HIS SEPTEMBER 14 PRESS CONFERENCE, PRESS COVERAGE HAS DWINDLED SIGNIFICANTLY WITH VIRTUALLY NO ADDITIONAL NEW INFORMATION COMING TO LIGHT. IN FACT, SEVERAL PAPERS HAVE BEGUN NOW TO QUESTION THE LEGALITY OF GUILLOU'S RECEIPT OF CLASSIFIED BANK OF SWEDEN DOCUMENTS AND WHETHER HE AND THOSE WHO ASSISTED HIM SHOULD NOT BE HELD LIABLE FOR VIOLATING CRIMINAL STATUTES.

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C O N F I D E N T I A L SECTION 2 OF 2 STOCKHOLM 5108

5. LONG-TERM EFFECTS OF GUILLOU DISCLOSURES -- EMBASSY BELIEVES FIB/KULTURFRONT STORY MAY WELL HAVE LONG-TERM EFFECTS NOT ENVISAGED ORIGINALLY BY GUILLOU AND HIS SYMPATHIZERS. THE FACT THAT THE SWEDISH AND AMERICAN GOVERNMENTS HAVE BEEN COOPERATING SO CLOSELY ON EXTREMELY SENSITIVE MATTERS FOR A NUMBER OF YEARS MOST PROBABLY IS COMFORTING TO THOSE CRITICS OF THE SWEDISH GOVERNMENT WHO HAD EXPRESSED GREAT CONCERN OVER THE GOS'S STRONGLY ANTI-AMERICAN STANCE THROUGHOUT THE PERIOD OF THE VIETNAM WAR. IN THIS SENSE, THE REVELATIONS MAY WELL SOFTEN THIS IMPRESSION OF THE PALME GOVERNMENT IN THE MINDS OF MANY SWEDES SINCE IT IS WIDELY

ASSUMED THAT THE PRIME MINISTER HIMSELF HAS GIVEN
TACIT APPROVAL TO THESE TRANSACTIONS.

6. NEITHER DOES THE EMBASSY BELIEVE THAT SWEDISH-
AMERICAN RELATIONS WILL SUFFER DAMAGE, EITHER IN
THE LONG OR SHORT RUN THROUGH THESE DISCLOSURES.
WE BELIEVE SYNNERGREN'S IMMEDIATE ACCEPTANCE OF
RESPONSIBILITY FOR THESE PURCHASES, HIS INSISTENCE
THAT THEY ARE LEGITIMATE TRANSACTIONS REQUIRED FOR
SWEDISH SECURITY, AND HIS STATEMENT THAT SUCH
PURCHASES WILL CONTINUE AS LONG AS HE RETAINS HIS
POSITION HAVE FAVORABLY IMPRESSED THE SWEDISH PUBLIC
AND MEDIA. WHILE THE LEFTIST PRESS MAY WELL
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CONTINUE TO RAISE THE QUESTION OF SECRECY AND THE
CONNECTION BETWEEN THESE PURCHASES AND SWEDISH
NEUTRALITY, THE GREAT MAJORITY OF SWEDES, THE EMBASSY
BELIEVES, ARE READY TO ACCEPT SYNNERGREN'S
ARGUMENT THAT WHATEVER THE PAYMENT PROCEDURE WAS,
HE AND HIS ASSOCIATES IN THE MILITARY WERE ACTING
IN THE BEST INTERESTS OF THE COUNTRY.

7. OF LESS POSITIVE IMPACT PERHAPS WILL BE A
SHARPENED CURIOSITY ON THE PART OF THE RIKSDAG AND
THE MEDIA REGARDING DEFENSE PROCUREMENT MATTERS
AND AN ATTEMPT TO REDUCE THE ABILITY OF THE MILITARY
LEADERSHIP TO ACT WITH INDEPENDENT AUTHORITY IN
SUCH CASES. THE NEW INTELLIGENCE OVERSIGHT
COMMITTEE OF THE RIKSDAG WILL UNDOUBTEDLY HAVE
MEMBERS WHO WILL INSIST ON BEING SATISFIED ON THE
EXISTENCE OF SECRET FUNDS FOR SUCH MILITARY
TRANSACTIONS. WHILE IT IS MUCH TOO EARLY TO SAY
HOW FUTURE DEFENSE POLICIES WILL BE AFFECTED
BECAUSE OF NOW-BROADENED AWARENESS OF CONFIDENTIAL
RELATIONS BETWEEN SWEDISH AND AMERICAN MILITARY,
EMBASSY ON BALANCE DOES NOT BELIEVE SUCH RELATIONS
WILL BE DRAMATICALLY IMPAIRED. ON ONE SUBJECT --
THE NEED FOR NON-ALIGNED SWEDEN TO MAINTAIN THE
STRONGEST POSSIBLE DEFENSE - NEARLY ALL SWEDES
AGREE.
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